

**MINUTES
STATE BOARD OF FINANCE
MAY 16, 2006
OFFICE OF THE OMB DIRECTOR
STATE HOUSE ROOM 212**

Members in Attendance:

Auditor Connie Nass
Charles Schalliol, OMB Director
Treasurer Tim Berry

Also in Attendance:

Paul Lottes, Deputy Auditor
Kirke Willing, Chief Deputy Treasurer
Mary Burres, Auditor of State's Office
David Reynolds, Office of Management and Budget
Zac Jackson, Office of Management and Budget
Lisa Campbell, Auditor of State's Office

CALL TO ORDER

The meeting was called to order by OMB Director Chuck Schalliol.

APPROVAL OF MINUTES

Auditor Nass moved to approve the minutes from the March 22, 2006, meeting, Treasurer Berry seconded, and the minutes were unanimously approved.

DESIGNATION OF DEPOSITORIES FOR PUBLIC FUNDS OF THE STATE

At the request of Treasurer of State Tim Berry, pursuant to I.C. 5-13-9.5, the "Application for Designation as a Depository of Public Funds" was submitted to the Board for approval on behalf of Farmers State Bank, First Midwest Bank and Providence Bank.

Treasurer Berry moved to approve the designations, Auditor Nass seconded, and the designations were unanimously approved.

FUNDING TRANSFER TO STATE PERSONNEL

OMB Director Schalliol stated that the State Personnel Department (SPD) was centralizing Human Resources functions within SPD in order to improve services and reduce costs, and that funds to accomplish this project should be transferred from the affected agencies to SPD. Director Schalliol introduced David Reynolds, Deputy Budget Director, and Zac Jackson, Budget Analyst, to explain the proposal. Mr. Jackson distributed a memo to the Board, a copy of such memo being attached to these minutes and made a part of the minutes as Exhibit A. Deputy Director Reynolds explained that the transfer would involve about \$1.4 million and the centralization would save one-half million dollars. He stated that SPD could ID Bill the agencies for these services, but this would involve additional, repetitive paperwork and a transfer of funding would be more straightforward. He indicated that 109 HR positions were reviewed, 70 were eliminated, 39 were retained in the participating agencies, and 34 new positions were

created in SPD in order to service the agencies. Director Schalliol said that state government was saving money by going away from a “silo” approach. He added that the plan is getting good “buy-in” from the agencies involved. Deputy Director Reynolds mentioned that if the Board approved this approach for FY2006, OMB would ask for a similar transfer in FY2007. Auditor Nass asked what would happen to the funds that were not needed for HR positions during FY2006. Deputy Director Reynolds stated that the money from the General Fund that was transferred to SPD but not used this year would revert to the General Fund. Amounts not transferred to SPD from agencies and not used during FY2006 would remain with each agency and reduce each agency’s budget request for the next biennium.

Director Schalliol moved to direct the Budget Agency to transfer the funds to SPD from the Fund/Centers and in the amounts listed on page 2 of the memo [Exhibit A (contact Auditor’s Office for hard copy)], Auditor Nass seconded the motion, and the motion passed unanimously.

NEW OR OTHER BUSINESS

No new business was brought before the Board.

FUTURE MEETING

The June meeting date and time will be coordinated by Director Schalliol’s Executive Assistant.

ADJOURNMENT

Auditor Nass moved to adjourn the meeting, Treasurer Berry seconded, the motion to adjourn was unanimously approved, and the meeting was adjourned.

/s/ Auditor Connie K. Nass

/s/ Charles Schalliol, OMB Director

/s/ Treasurer Tim Berry